



**UTILITY REGULATORY POLICY IN THE  
UNITED STATES  
AND CANADA**

**COMPILATION 1995-1996**

**OF THE**

**NATIONAL ASSOCIATION OF  
REGULATORY UTILITY COMMISSIONERS**

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TABLE 291 - AGENCY AUTHORITY OVER RATE OF RETURN - GAS UTILITIES

AGENCY	Agency determines rate of return under its general authority	Capital structure is adjusted to exclude non-utility financing when it is traceable	Method Agency favors in determining rate of return								Duration of call protection influences judgment in determining rate of return
			No ONE method ALL are considered	** Dis-counted cash flow	** Compar-able earn-ings test	** Earn-ings/price ratio	** Mid-point approach	** Capital asset pricing model	** Risk premium	Other	
FERC	X	X	X	X							
ALABAMA PSC 12/	X	X		X							Possible.
ALASKA PUC	X	X			X						
ARIZONA CC	X	X	X 2/	X 7/							
ARKANSAS PSC	X		X	X 11/							
CALIFORNIA PUC	X	X 1/	X 2/	X	X			X	X	X	Possible.
COLORADO PUC	X	X		X 9/	X						
CONNECTICUT DPUC	X	X		X							
DELAWARE PSC	X		X 2/	X	X					X	
D.C. PSC	X	X		X							
FLORIDA PSC	X	X 1/	X 2/								
GEORGIA PSC	X	X	X 2/	X					X	X 8/	
HAWAII PUC	X	X	X 2/							X	
IDAHO PUC	X	X		X 9/	X	X					
ILLINOIS CC	X	X	X 2/				X				
INDIANA URC	X		X								
IOWA UB	X	X 1/	X	X					X	X 6/	
KANSAS SCC	X	X		X							
KENTUCKY PSC	X	X	X 2/	X	X	X	X			X	
LOUISIANA PSC	X			X							
MAINE PUC	X	10/	X 9/	X							
MARYLAND PSC	X	X		X						X 6/	
MASSACHUSETTS DPU	X	X		X 5/						X 5/	
MICHIGAN PSC	X	X	2/	X	X		X	X	X	X	
MINNESOTA PUC	X	X		X							
MISSISSIPPI PSC	X	X		X	X						
MISSOURI PSC 13/	X	X		X							
MONTANA PSC	X	X		X	X						
NEBRASKA PSC 4/				X	X	X					
NEVADA PSC	X	X		X							
NEW HAMPSHIRE PUC	X	X		X							Yes
NEW JERSEY BPU 12/			X					X	X	X	
NEW MEXICO PUC			X 2/	X						X	
NEW YORK PSC			X	X 7/						X	
NORTH CAROLINA UC			X 2/	X	X			X	X	X	
NORTH DAKOTA PSC				X							
OHIO PUC			X	X 7/						X 7/	
OKLAHOMA CC				X	X			X	X		
OREGON PUC				X				X			
PENNSYLVANIA PUC			X 2/	X	X	X	X				Maybe, if soon
RHODE ISLAND PUC		X	X	X	X						
SOUTH CAROLINA PSC	X	X	X	X				X	X		
SOUTH DAKOTA PUC	X	X		X	X						
TEXAS RC	X	X	X 2/						X		
UTAH PSC	X	X		X							
VERMONT PSB	X	X		X	X					X	
VIRGINIA SCC	X	X	X 2/								
WASHINGTON UTC	X	X		X							
WEST VIRGINIA PSC	X	X	X 2/	X	X			X	X	X	
WISCONSIN PSC	X	X	X 2/	X				X		X	
WYOMING PSC	X		X 2/	X	X			X	X	X	
PUERTO RICO PSC 12/	X	X		X	X						
VIRGIN ISLANDS PSC	X	10/	X 2/	X	X					X	
NATL ENERGY BOARD	X	X	X 14/	X	X			X	X	X	
ALBERTA EUB	X	X	X 2/	X	X					X	
ONTARIO EB	X	X	X 2/		X					X	
QUEBEC NGB	X	X	X 2/							X	

\*\* For definitions of terms, please consult the Glossary of Terms at the back of this book. ICB=Case-by-Case Basis

**FOOTNOTES - TABLE 291**  
**AGENCY AUTHORITY OVER RATE OF RETURN - GAS UTILITIES**

Non-utility investment dollars are always excluded from rate base. Where non-utility investment is comparatively small, capital ratios are not adjusted. When non-utility investment is large, we usually remove non-utility investment from equity.

- 2/ Commission favors no single method, but rather that which produces the most reasonable results.
- 3/ It may use any method it desires especially in the case of a small company.
- 4/ No Commission regulation of electric or gas utilities.
- 5/ DCF is preferred, but Department approves other methods which check DCF result; risk spread analysis preferred by a slight margin. Financial condition of utility also given serious consideration.
- 6/ DCF is preferred; other methods are considered.
- 7/ No single method, however, discounted cash flow is frequently used.
- 8/ Discounted cash flow most often used, but risk premium method used also. Determined case by case.
- 9/ DCF has been the preferred method, but its results should be checked with other methods.
- 10/ Never an issue before this agency.
- 11/ Agency favors DCF, but any method presented is considered.
- 12/ Commission did not respond to request for update information; this data may not be current.
- 13/ DCF has been the preferred method, but its results are generally checked with other methods such as risk premium and CAPM.
- 14/ Commission favors no single method, but rather that which produces tolls that are just and reasonable.